

IN THE MATTER OF:)	
)	
)	
RAYMOND MCCLINTON &)	
PENCREST CORPORATION)	File No. 0900453
its managers, officers, affiliates,)	
subsidiaries, representatives, successors,)	
and assigns.)	
)	

TO THE RESPONDENTS:

Raymond McClinton
735 Violet Lane
Matteson, Illinois 60443

Pencrest Corporation
735 Violet Lane
Matteson, Illinois 60443

1 Respondent Pencrest Corporation, ("Pencrest") is an entity with a last known address at 735 Violet Lane, Matteson Illinois 60443

2. Respondent Raymond McClinton ("McClinton") is a natural person with a last known address at 735 Violet Lane, Matteson Illinois 60443.
3. At all relevant times, Respondent McClinton was the President and registered agent for Respondent Pencrest
4. The Respondent McClinton solicited at least two Illinois residents, ("Investor One") and ("Investor Two"), to invest funds in the Respondent Pencrest.
5. Investor One and Investor Two both purchased promissory notes from the Respondents for a combined total of \$12,500.00
6. The Respondent McClinton represented to all of the investors that the investment funds would be used to invest in a company that specializes in the design, manufacture and distribution of high-end, high-quality desk pens targeting the more affluent customers.
7. To date, the Investors have not received the principal the Respondents promised to pay on the note, nor have the Investors received any of the promised interest payments
8. Respondents' activities described above involve the offer and sale of a promissory notes as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS] (the "Act").

COUNT I

FRAUD IN THE OFFER AND SALE OF SECURITIES

9. On April 24, 2006, the Respondent McClinton offered and sold a promissory note to Investor One. The promissory note guaranteed that Investor One would receive \$10,000.00 by November 1, 2006. The \$10,000.00 represented a \$2,500.00 return from Investor One's \$7,500.00 investment principal. In addition, Investor One was issued shares of stock totaling 2% of the authorized shares in Respondent Pencrest.
10. On May 1, 2006, the Respondent McClinton offered and sold a secured promissory note to Investor Two. The secured promissory note guaranteed that Investor Two would receive \$10,000.00 by September 1, 2006. The \$10,000.00 represented a \$5,000.00 return from Investor Two's \$5,000.00 investment principal. The payment of this Note was secured by equipment that Respondent McClinton purported to solely own.
11. Prior to the investment, Respondent McClinton provided Investor One and Investor Two with a copy of the Business Plan for Respondent Pencrest. The Business Plan, drafted by Respondent McClinton, specifically stated that Respondent Pencrest would generate a gross yearly margin of \$850,000.00 in 2006, \$1,250,000.00 in 2007, and

1,500,000.00 in 2008 and as a result, generate a significant return for the principles and investor(s)

12. Despite these projections, the Respondent Pencrest failed to generate revenue in 2006, 2007, 2008, or any year thereafter.
13. Investor One and Investor Two relied on these highly exaggerated projections of profits and all of the other representations made by Respondent McClinton in the Business Plan for Respondent Pencrest. These projections lacked a reasonable basis, failed to provide a balanced presentation of the relevant facts, and made exaggerations or unwarranted claims
14. To date, Investor One and Investor Two have not received the principal the Respondents promised to pay on the note, nor any of the promised interest payments. In addition, Investor Two has not received any of the equipment listed in the secured promissory note.
15. Section 12 H of the Act, provides *inter alia*, that it shall be a violation of the Act to sign or circulate any statement, prospectus, other paper or document required by any provision of this Act pertaining to any security knowing or having reasonable grounds to know any material representation therein contained to be false or untrue.
16. By virtue of the foregoing, Respondents violated Section 12.H of the Act.

COUNT II:

FAILURE TO REGISTER OFFER TO SELL SECURITIES

17. Section 5 of the Act provides, *inter alia*, that "all securities except those set forth under Section 2a of this Act. .or those exempt...shall be registered ..prior to their offer or sale in this State
18. Respondents McClinton and Pencrest failed to file an application with the Secretary of State for the Promissory Notes as required by the Act, and as a result the Promissory Notes were not registered as such prior to their offer and sale in the State of Illinois
19. Section 12 A of the Act provides, *inter alia*, that it shall be a violation of the Act to offer or sell any security except in accordance with the provisions of the Act.
20. By virtue of the foregoing, Respondents violated Section 12 A of the Act.
21. Section 12 D of the Act provides, *inter alia*, that it shall be a violation of the Act to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of this Act or any rule or regulation made by the

Secretary of State pursuant to the Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.

22. By virtue of the foregoing, Respondents violated Section 12.D of the Act.

WHEREAS, by means of the Stipulation, McClinton and Pencrest have acknowledged, without admitting or denying the truth thereof, that the following shall be adopted as the Secretary of State's Conclusions of Law:

1. Illinois has jurisdiction over this matter pursuant to the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"),
2. The Respondents have violated Section 12.H, 12.A and 12 D of the Act;
3. The Respondents shall be permanently prohibited from offering and/or selling securities in the state of Illinois; and
4. The Illinois Securities Department finds the following relief appropriate and in the public interest.

WHEREAS, by means of the Stipulation, McClinton and Pencrest have acknowledged and agreed that it shall pay restitution totaling twelve thousand five hundred dollars (\$12,500.00) to certain Illinois investors. The restitution payments are to be paid in accordance with the terms established in the Stipulation

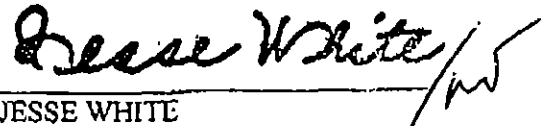
WHEREAS, by means of the Stipulation, McClinton and Pencrest have acknowledged agreed that the obligations set forth in this Order are not subject to discharge in any bankruptcy proceedings pursuant to 11U.S.C. § 523(a) 19. Respondent shall be estopped from seeking such relief.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. By means of the Stipulation, McClinton and Pencrest have acknowledged and agreed that it shall pay restitution totaling twelve thousand five hundred dollars (\$12,500.00) to certain Illinois investors. The restitution payments are to be paid in accordance with the terms established in the Stipulation.
2. McClinton and Pencrest have agreed to inform the Department of any change in location of McClinton and Pencrest's personal residence.
3. The Respondents shall be permanently prohibited from offering and/or selling securities in the state of Illinois.

4. Respondents McClinton and Pencrest are permanently prohibited from issuing, engaging in the business of selling, negotiating for the sale of, or otherwise in any way dealing or participating, with respect to the public or to other persons, offering, selling, arranging for the sale, employing, directly or indirectly, any device, scheme, or artifice in connection with the offer, purchase, or sale of any security, aiding and abetting any other persons or business engaged in the purchase or sale of a security, or otherwise dealing or participating with any securities.
5. If payment is not made by McClinton and Pencrest or if McClinton and Pencrest fail in any obligations set forth in this Order, the Secretary of State, State of Illinois, may vacate this Order, at its sole discretion, upon ten day notice to McClinton and Pencrest and without opportunity for an administrative hearing. The Department will retain the right to vacate this Order, seek remedies in courts of equity and law, and/or enforce criminal penalties, should any provision herein be violated.
6. The Notice of Hearing dated July 26, 2010, as it relates to Respondents McClinton and Pencrest will be dismissed without further proceedings upon full satisfaction of all obligations set forth in this Order
7. The entry of this Order ends the Secretary of State, Securities Department's formal hearing of this matter.

Entered. This 5th day of August, 2010



JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order shall be guilty of a Class 4 Felony.

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